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SUBJECT: AMBASSADOR AND CG DISCUSS OIL AND SECURITY ISSUES  
WITH PM MALIKI

REF: BAGHDAD 3245

Classified By: Ambassador Christopher R. Hill for Reasons 1.4 (b) and (d)

**¶11. (C) SUMMARY.** In a December 17 meeting, Ambassador Hill congratulated Prime Minister Maliki on the recent successful and transparent oil development bidding round, but cautioned the PM to resist pressure to renegotiate the terms of the signed contracts. Maliki agreed the contracts should stand as signed. In the wake of intense media coverage in which Kurdish leaders have stated that the USG promised to support a referendum on the Kirkuk issue in exchange for Kurdish acceptance of the election law compromise, the Ambassador reinforced with the PM that USG policy only aims to implement the provisions enshrined in the Iraqi constitution, including a consensus-based solution to Kirkuk. General Odierno briefed the Prime Minister on a recent joint U.S.-UK naval survey of a potential marine oil terminus site. The CG continued by discussing the reorganization of GOI investigative and intelligence organizations in the wake of recent bombings, suggesting to the PM that he create a national target list and consider developing an Iraqi "most wanted" show as a tool for capturing terrorists. END SUMMARY.

NO CHANGE IN KIRKUK POLICY

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**¶12. (C)** The Ambassador opened his weekly meeting with Prime Minister Nouri al-Maliki by providing assurances that the recent White House statement expressing USG support for the Article 140 process and a timely census does not indicate a policy shift, as has been publicly claimed by Kurdish leaders who have stated that Kurdish acquiescence over the election law compromise was secured by U.S. promises of support for a process that would lead to the eventual annexation of Kirkuk into the Kurdistan Region (KR). Emphasizing support for the UNAMI process, Ambassador Hill further clarified that while the USG does not oppose a referendum on the status of Kirkuk, it would only support one that confirmed a negotiated, consensus-based agreement. The PM agreed that the process outlined in Article 140 has many different stages and that it will be up to the next government and the new Iraqi President to move forward on the issue. Maliki also noted that Kirkuk is not the only disputed territory in Iraq and that other disputes in southern Iraq must also be resolved.

STAYING ON TRACK WITH OIL CONTRACTS

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**¶13. (C)** Congratulating the Prime Minister on the highly successful and transparent process the Iraqis adopted for the recent oil bid round (reftel), the Ambassador said that the event should serve as a model for the region. Building on a strong joint demarche by EU ambassadors the day before, the Ambassador cautioned the Prime Minister against allowing actors within his government to "get too greedy" and re-open recently signed oil contracts. Maliki responded that the GOI

understands the finality of the contracts signed and noted his pride in the transparent way the process was conducted. The Prime Minister opined that the oil round should curb bad publicity surrounding the Iraqi oil sector. The fact that oil contracts went to a geographically diverse array of oil consortiums also proves that favoritism played no role in awarding contracts. Maliki commented that the fact only two U.S. firms won contracts shows that the U.S. invasion was not a strategy to secure oil resources for the United States - an erroneous opinion the Prime Minister feels is still held by some of Iraq's Arab neighbors. Commenting on the positive effect increased oil revenues will have on national unity, Qeffect increased oil revenues will have on national unity, the Ambassador told the Prime Minister that "the glue that will help bind Kurdistan to the rest of Iraq is produced in Basra."

SURVEY ON OIL PIPELINES COMPLETED

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¶4. (C) General Odierno briefed the Prime Minister on a recently completed joint U.S.-UK naval survey concerning the seabed in Um Qasr port where the GOI plans to construct a new oil terminus to replace the aging infrastructure still in use. The General said that the survey had identified hundreds of items, mostly shipwrecks, but also possibly some mines, that must first be cleared before the project can commence. The survey report has been given to Foster Wheeler, the oil services company charged with laying the underwater pipes for the terminus. The Prime Minister noted that a modern oil terminus was key to Iraq being able to greatly increase oil exports. Despite a difficult political relationship with Syria, Maliki also commented that the GOI will continue to pursue the option of constructing an overland pipeline through Syria to Turkey.

CONSOLIDATION OF GOI INVESTIGATION AND INTELLIGENCE

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¶5. (C) Inquiring about the newly consolidated security structures the GOI has established in the wake of recent bombings, General Odierno asked the Prime Minister to confirm that investigative activities are now clustered under the Ministry of Interior, whereas the Ministry of State for National Security Affairs (MSNSA) has the lead for all intelligence matters. The Prime Minister confirmed this arrangement, but noted that the intelligence structure was already centralized under his leadership through the MSNSA. General Odierno advised the Prime Minister that his intelligence organization should create a national target list and encouraged him to consider creating an Iraqi "most wanted" show which could be useful in apprehending Iraq's 25-100 most sought after terrorists, citing previous MNF-I success using this method. The General continued that offering rewards for information on these individuals could lead the GOI to garner information from the public on their whereabouts. The Prime Minister noted that his government recently announced a 100 million dinar reward for any information related to the manufacture of explosive devices. The Prime Minister stated that Iraq's legal framework may not allow for a public list of wanted terrorists, but that the Higher Judicial Council might be amenable to such an idea in the interest of national security.

PM DOWNPLAYS INFILTRATION OF SECURITY SERVICES

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¶6. (C) Concerned that public trust in the security services is already damaged after the recent coordinated bombings, General Odierno cautioned the Prime Minister against public statements by GOI officials that imply that the ranks of the Iraqi police and army have been infiltrated by insurgents. The Prime Minister assured the General that any such comments were in reference to the security forces several years ago. General Odierno opined that if the public were to lose faith in the security forces, there could be a resurgence of sectarian militias. The Prime Minister concluded by noting

that while there may be a few bad officers who need to be removed, both the police and army are much more professional and reliable than they were just a few years ago.

HILL